

Proposal
Beta Client Relationship
With
Foster & Gallagher, Inc.

REDACTED



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Agenda For Discussion

- Introduction
- The *Monet* Opportunity
- *Monet* Server Center Facility
- Organization
- *Monet* Systems Description
- F & G Analysis and Workflow
- Areas of Potential Savings
- File Formats
- Workflow With *Monet*
- Status Update and Planning Schedule
- *Monet* System and Service Costs
- Payback
- Beta Site Agreement Terms



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The Monet Opportunity

CONNECTIVITY REPORT

AN OPEN ROAD FOR DIGITAL HIGHWAY

A combination of developments in personal technology and in high-speed data transmission has brought the concept of openness, or connectivity, to a new level.

The first connectivity problem that had to be solved was in terms of getting the various systems to communicate freely and efficiently. That accomplished, the next stage was extending openness to include a given person's computer.

One of the few extended glitches, that is, has been accomplished. We are now at the threshold of a new level of openness, one that transcends the boundaries of individual systems and makes possible a flexibility in handling and scheduling electronic work never before possible.

This new, meta-system approach relies heavily on what is better called the information highway, a data network, characterized by widespread access, high

With ISDN lines to carry color data files, a global trade shop emerges.

data transfer rates, and broad compatibility. The businesses that make their phone by manufacturing and exchanging data—television production companies, let us say, or prepress service bureaus—the digital highway holds the promise of becoming a kind of 24-hour, borderless, open marketplace.

Some elements already exist. Satellite TV reaches almost the entire world, and the use of cable is widely used both in Europe and in the U.S. For handling personal data, however, one of the most promising techniques is ISDN, which stands for Integrated Services Digital Network.

ISDN is composed of high-speed digital data lines that are established by telephone companies through a process called digital subscriber lines. These lines replace existing telephone lines to deliver it as a parallel system.

Because ISDN is a digital system with considerable bandwidth, data transfer is about 12 times faster than with modem and conventional telephone lines—over 10, it is fast enough for color data files. More than 100 of the U.S. now have access to ISDN, and it is widely available in France, Germany, the Netherlands, Switzerland, and Austria. ISDN is less available in the

U.S. than in Europe, and a number of competitive transmission options here may limit its spread. In any case, the fact is that even if the penetration on the data highway isn't ISDN, it will be something transparently compatible with ISDN, and will almost certainly be provided by telephone companies, either alone or in conjunction with software houses, cable networks, movie rental companies, etc. One way or another, widespread, high-speed digital communications at a reasonable price is going to exist shortly.

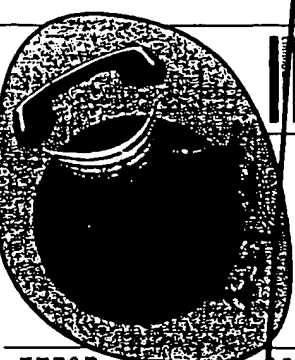
As traffic on the digital highway picks speed, reactions among key market groups will change. Printers, trade shops, typographers, service bureaus, publishers, and designers will continue to redefine their demands on one another.

And where is all this going? Ultimately, toward something being called the global trade shop: one company or network of companies offering everything from design to print, potentially competing in a worldwide marketplace.

The digital highway will eventually make a user in Chicago interactively work on a file or access a data in Tokyo, Milan, New York, or London as quickly and effectively as he or she would work on a disk in the same room today.

The opportunities this brings to service bureaus are tremendous and the competitive arena immense. Indeed, it can be fairly said that the day of the open system is just now arriving.

By PETER JONKSTON
SPECIAL PROJECTS MANAGER



The Integrated Services Digital Network (ISDN) provides a new level of openness, one that transcends the boundaries of individual systems and makes possible a flexibility in handling and scheduling electronic work never before possible.

"The digital highway will eventually enable a user in Chicago to interactively work on a file or access a disk in Tokyo, Milan, New York, or London as quickly and effectively as he or she would work on a disk in the same room today."

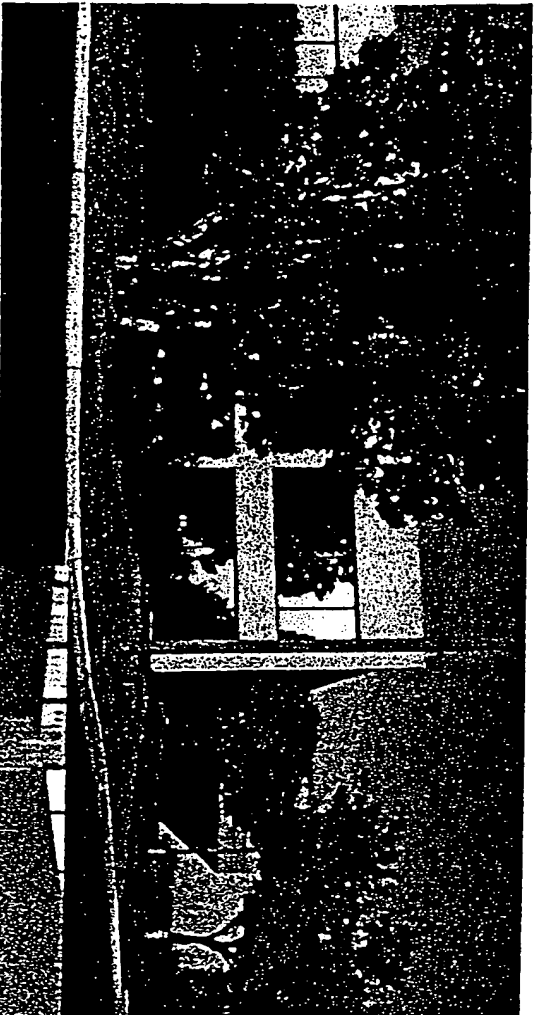
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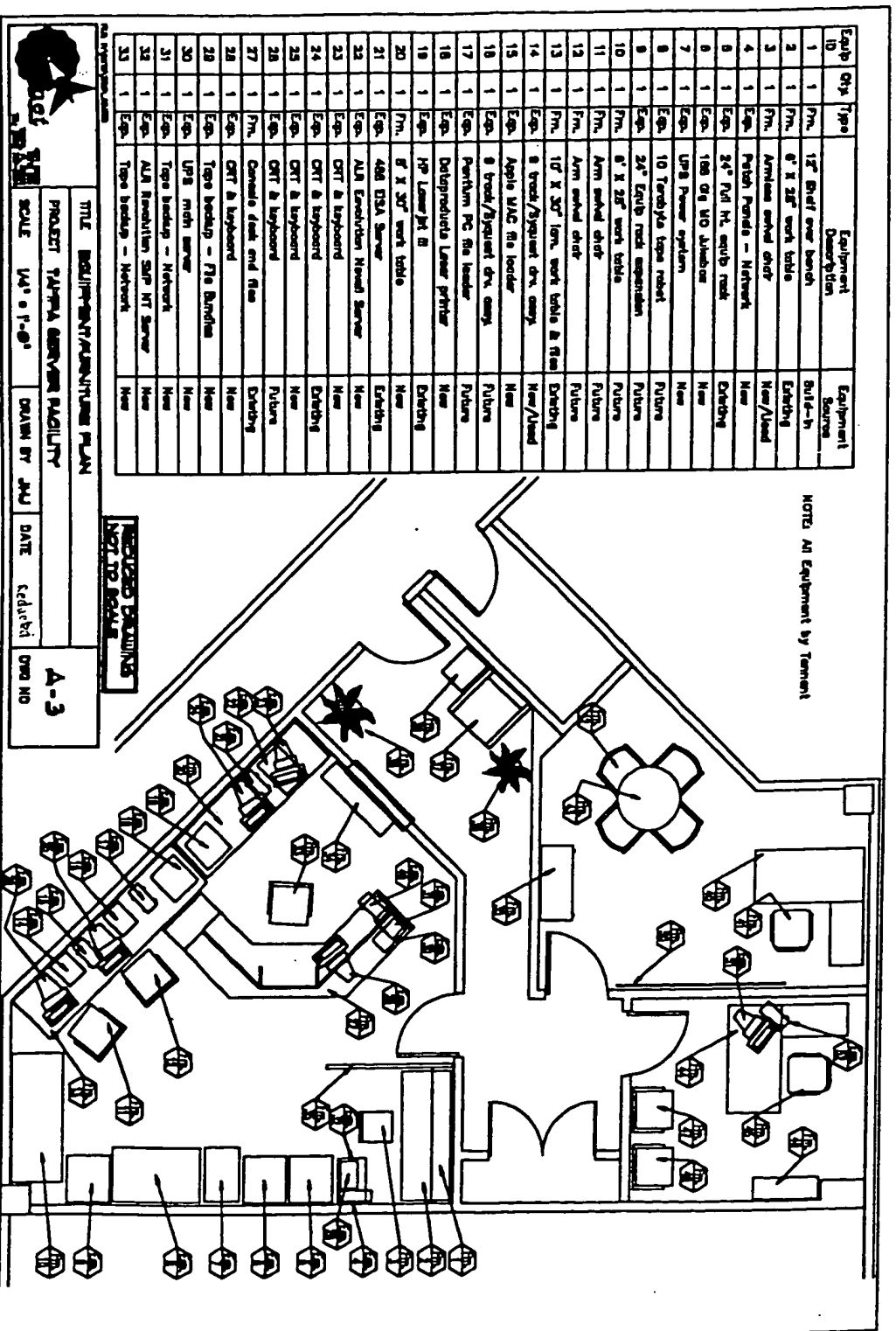


Monet Server Center Facility



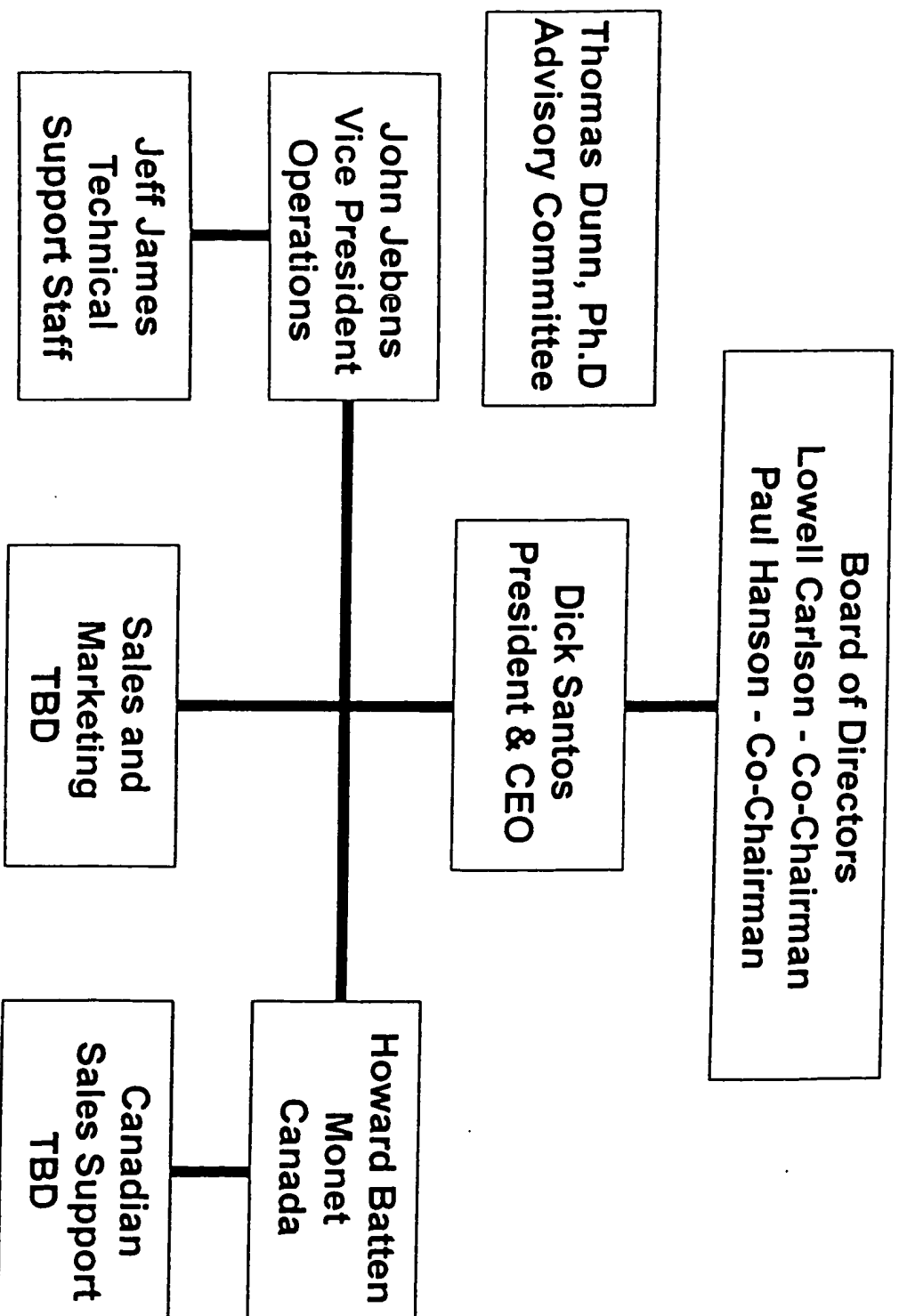
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Monet Server Center Plan



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Monet, Inc.



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Monet Image and Telecommunications Systems

- Real Time Interactive Networked Image Management
- Control & Consistency of Images & Data
- Vendors Independence - Creative, Pre-press & Press
- Cost Effective - Internal & External
- Improved Deadlines - Faster Response Time to Market
- On-Line Communications with Creative Locations
- Central, Secure Image Database - No Random Duplications
- State-of-the-Art Robotic and ISDN Communication Technology



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Basis for Analysis - *Redacted* F&G Catalogs

Size	Brecks	Pages	Springhill	Pages	
5-3/8" x 7-1/4"	1	48			
6-1/8" x 9-1/4"	1	52	1	24	Select
8" x 10-5/8"	1	52	1	24	Select
8-1/4" x 11"			1	52	
9" x 11"			1	40	
10-1/2" x 13-1/2"	1	24	1	40	
	1	24			
Sub-Total	5	200	6	220	
Size	Brecks	Pages	Springhill	Pages	
for 8-3/4" x 11"	1	4	1	4	
	1	4	1	4	
9-1/2" x 11-1/4"			1	8	
8-1/2" x 11-1/4"			1	4	
Sub-Total	2	8	4	20	
Grand Total	7	208	10	240	
Total Pages					448



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Typical Example of Input for Summary

Analysis

Base Analysis Cont

Number of Images to Study Image by Image

Blocks Cont'd

536 x 7 1/4" = 48 Pages

Sq. Feet

8 Full Page Block

$$5 \frac{3}{4} \times 7 \frac{1}{2} = 302$$

$$3 \times 3 = 18$$

$$5 \frac{3}{4} \times 4 = 23$$

$$5 \frac{3}{4} \times 5 = 29$$

$$4 \times 4 \frac{1}{2} = 36$$

$$3 \frac{1}{2} \times 3 \frac{1}{2} = 61$$

$$3 \frac{3}{4} \times 4 \frac{3}{4} = 71$$

$$1 \frac{1}{2} \times 1 \frac{9}{8} = 3$$

$$5 \frac{3}{4} \times 4 \frac{3}{4} = 82$$

$$3 \frac{1}{4} \times 4 = 13$$

$$5 \frac{1}{2} \times 3 \frac{3}{4} = 146$$

$$2 \frac{3}{4} \times 4 = 66$$

$$3 \frac{1}{4} \times 5 = 16$$

$$3 \frac{1}{2} \times 4 \frac{1}{4} = 45$$

$$1 \frac{3}{4} \times 2 \frac{1}{4} = 24$$

$$2 \frac{3}{4} \times 3 \frac{1}{2} = 39$$

$$1 \frac{3}{4} \times 5 \frac{1}{4} = 53$$

88 Images to 48 Pages

1,329 Sq. Ft.

= 1.83 Ave Image by Page

$$1.83 \times 3.6 \text{ MB per Sq. Ft.} = 6.588 \text{ MB}$$

$$119.61 \text{ Avg MB}$$

478

5.4

MB per Page Ave

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Summary Analysis

Document #	Images	Pages	Megabytes	Comp. Megabytes
1	88	48	478	119
2	151	52	730	183
3	51	24	231	58
4	52	24	239	60
5	157	52	1,195	299
6	229	52	1,178	294
7	178	40	878	220
8	215	40	689	172
9	215	40	689	172
10*	6	4	80	20
11*	6	4	80	20
12*	17	4	79	20
13*	17	4	79	20
14*	28	8	150	37
15*	7	4	67	17
16	100	24	974	243
17	100	24	974	243
*Additional Covers	1,617	448	8,790	2,197

8,790 / 1,617 = 5.44 MB per Image

2,197 / 1,617 = 1.36 Compressed MB per Image

448 / 17 = 26.35 Pages per Document

(448 - 28 Cover Pages) / 17 - 6 Covers = 38.18 Pages per Catalog

1,617 / 448 = 3.6 Images Per Page



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F & G Workflow

- Merchandising goes to Europe to select product and photography
- Catalog creative out-sourced to Philadelphia firm
- Merchandising meets with creative to formulate concepts
- F&G Horticulture librarian (Carol Cordney) does lo-res scans of all new photography
- F&G then sends dupe transparency and lo-res (optical or Syquest) of new images to staff for color coordinating tints and lo-res placement. Originals go back to supplier
- Merchandising supplies creative staff in Philly a pencil sketch of design layout
- Creative firm now starts production
- F&G edits via thermal proofs supplied by creative (first proof seen)
- Transparencies are sent to service provider for hi-res scanning and random output/approval of color images
- F&G's color analyst (Dave Beam) reviews all color for fidelity, retouching, and detail
- Corrections are marked-up and sent back to service provider for alterations and possible revised random proofs
- Any approved images are archived temporarily waiting for final creative and disk.



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F & G Workflow

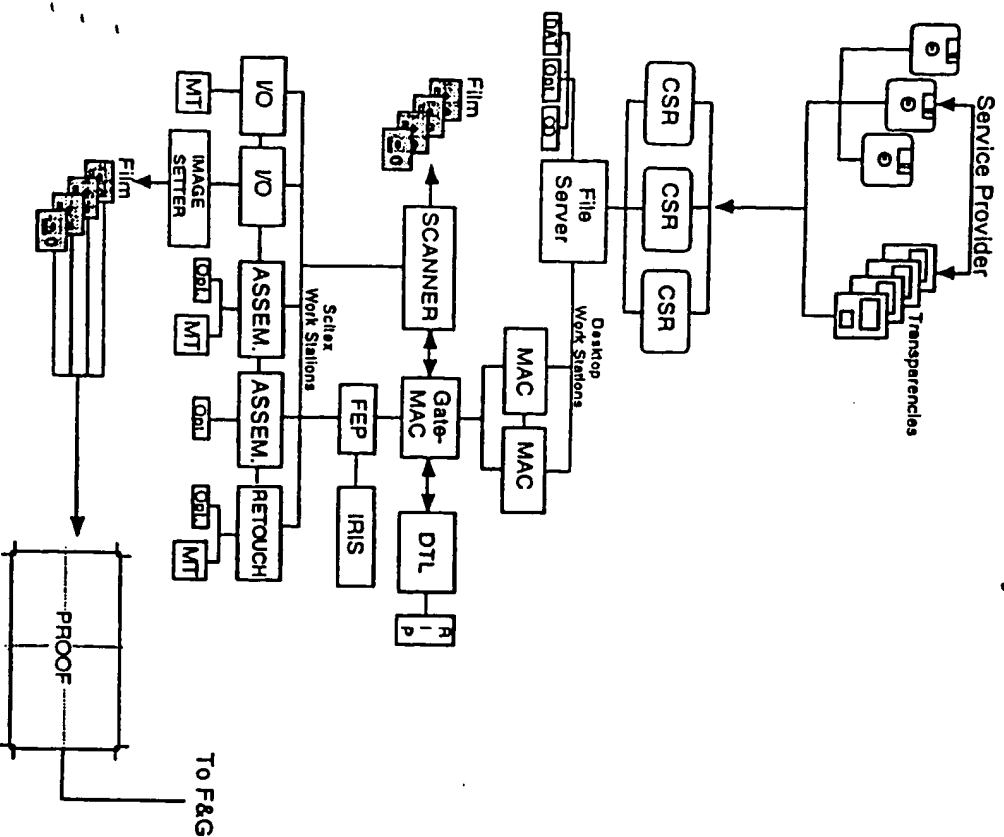
- Final editing of layout is marked-up and sent back to creative for changes (approx. 1 to 2 iterations per page are expected)
- Final edited Syquest disk (88 MB) is returned to F&G
- Mac Dept. (Becky & Jane) opens each document for:
 1. Checking color-breaks
 2. Replace previous position only lo-res w/ OPI file (approx. 15 min./spread)
 3. Making final corrections for last minute changes
- Syquest is then sent to the service provider for hi-res page assembly including retouching, morphing, color manipulations, trapping, masking, and/or clipping paths created followed by film output and final page proofing
- After final approval of all pages spreads service provider archives final pages and random images
- Production dept. accepts bids and buys film and printing (Donnelly does catalog printing)



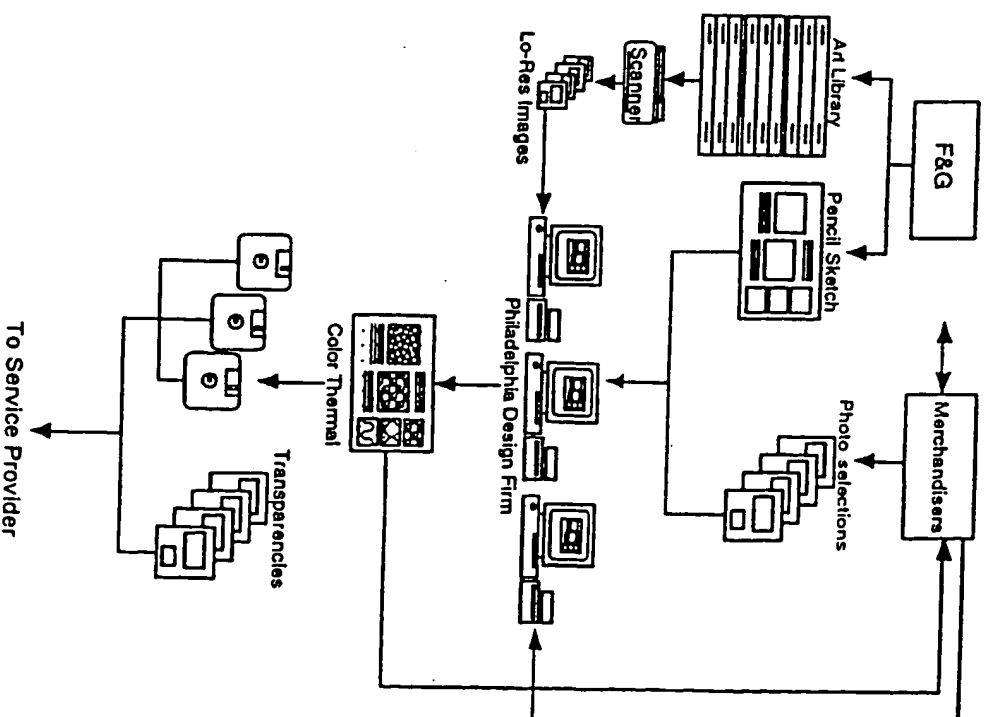
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F & G Workflow

F&G Job Flow Through Currently



F&G Job Flow Through Design



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F & G Areas of Potential Savings

· Merchandising: Select Old Images

3 people @ \$ 50,000 = \$ 150,000 total

Annual Savings

Library - 5% to 10% of the time

Browse x 2-3+ light table =
10% to 30% x 3 people =
30% to 90% x 1 person =

Expected efficiency 70% =

21% - 63% = 42% =

\$ 21,000

· Send Old & New Images to Creative - 25 times per catalog

Fedex - \$ 10 plus handling + \$ 5 = \$ 15

\$ 15 x 25 x 11 Catalogs =
(improved cycle time)

4,125

· Proofing Thermal - Back and Forth to Creative - Fedex

1 to 2 times per page

x 41 pages = 62 average

x \$ 15 Fedex = \$ 930

x 11 catalogs =
(improved cycle time)

10,230



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F & G Areas of Potential Savings

Library Search Database - "Takes Forever"

Annual Savings

2 people - search, pick-up and put back - 70%

70% x 70% efficiency = 49%

x \$ 44,000 (2 people at \$ 22,000) =

21,560

Service Provider - Trade Sep. House

P.U. and send to other sep. house - \$ 25

448 total pages

11 catalogs - 1994

total images = 1,617

30% P.U. and send x \$ 25

12,127

Fedex for Above - 5 times per catalog

x 11 catalogs

x \$ 15 Fedex

825



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F & G Areas of Potential Savings

MAC Dept Linking OPI File

Annual Savings

13 minutes per page x 38 pages = 494 minutes

x 11 catalogs = 5,434 minutes total

divided by 60 min/hr. = 90 hours

divided by 2,000 hours =

4.5% x 40,000 = \$ 1,800 +
Depreciation of Equipment - \$ 1,500 =
(\$ 4,500 divided by 3 years) 3,300

Fedex for Above

800

Production

lost images 2 times per month =

2,400

F&G lost time - 2 hrs @ \$ 50

Remakes of Wrong Sized Images = 2 x per month

F&G lost time - 2 hrs @ \$ 50 =

2,240

SUBTOTAL

\$ 78,767



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F & G Areas of Potential Savings

	<u>Annual Savings</u>
Allocation of Operational Costs, Rent, Light, Heat, etc..	
40% Total Employee Savings (\$ 49,160) =	\$ 19,554
SUBTOTAL	\$ 98,321
Internal Savings	
Hidden costs "not charged" by service provider for archiving 16,000 live/active images	
448 divided $\frac{1,617}{16,000}$ = 4,432 pages	
x \$ 80 hidden costs per page amortized over 5 years =	\$ 70,912
plus 15% for optical media	10,636
plus 70% of 1,617 images P.U. and use internally x \$ 25	28,298



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F & G Areas of Potential Savings

Additional Hidden Costs of Duplicate Images
1,617 x 30% x 30% P.U. and send x 11 catalogs = 330%
=5,336 duplicated images per year

Annual Savings

448 divided $\frac{1,617}{5,336} = 1,478$ pages

x \$ 80 per page = \$ 118,270

ammortized over 5 years =

23,654

SUBTOTAL

External Savings

\$133,500

GRAND TOTAL

Potential Savings

\$231,931

This analysis does not include the benefits accrued from improved cycle time.



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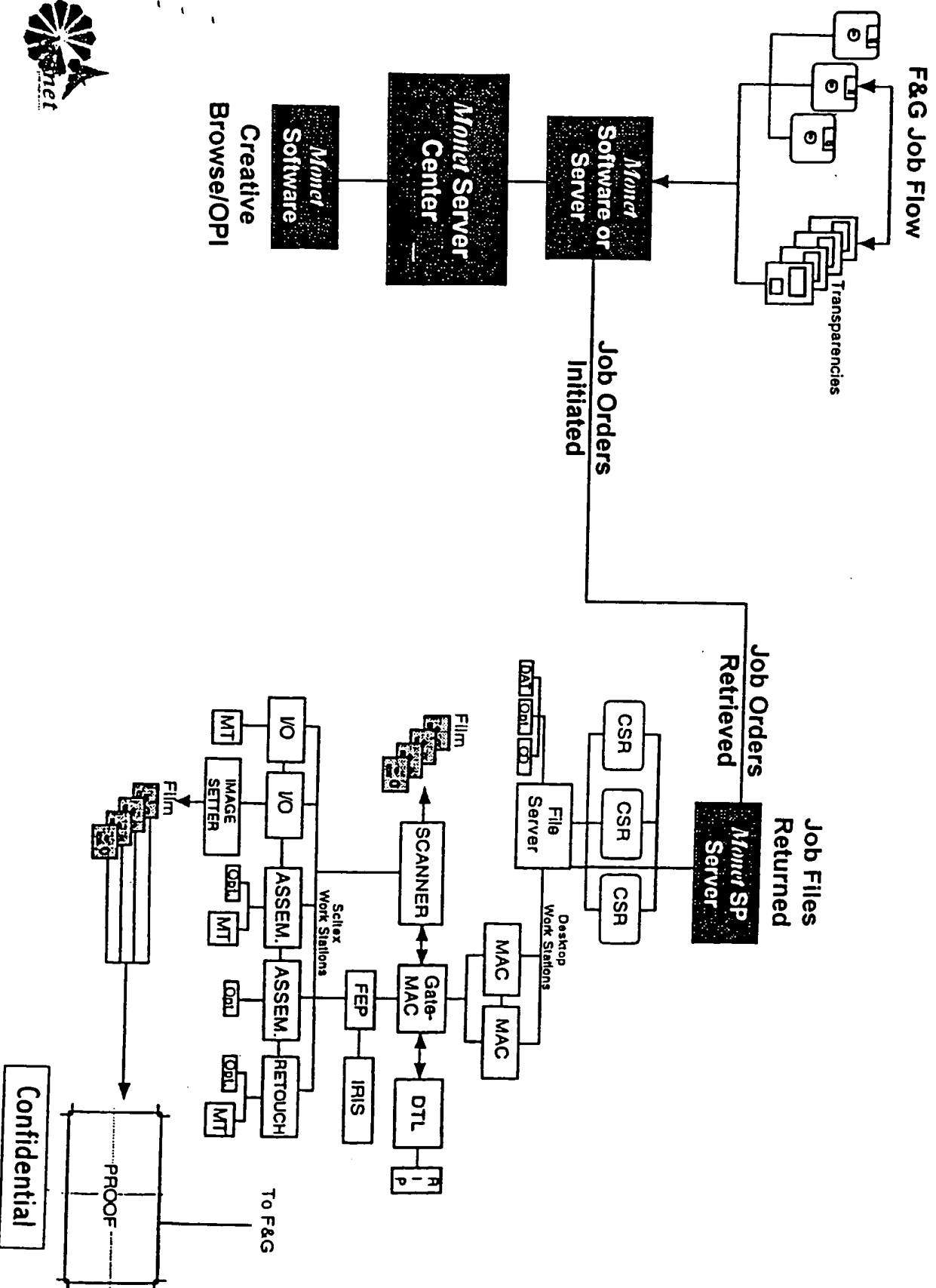
File Format Capability

- | | |
|---|-----------|
| • DDES
(misc. undetermined) | Completed |
| • Crossfield
(approx. 42% or 6,700 files) | Completed |
| • Scitex
(approx 16% or 2,500 files) | Completed |
| • TIFF
(misc. undetermined) | Completed |
| • R.R. Donnelly
(approx. 42% or 6,700 files) | TBD |



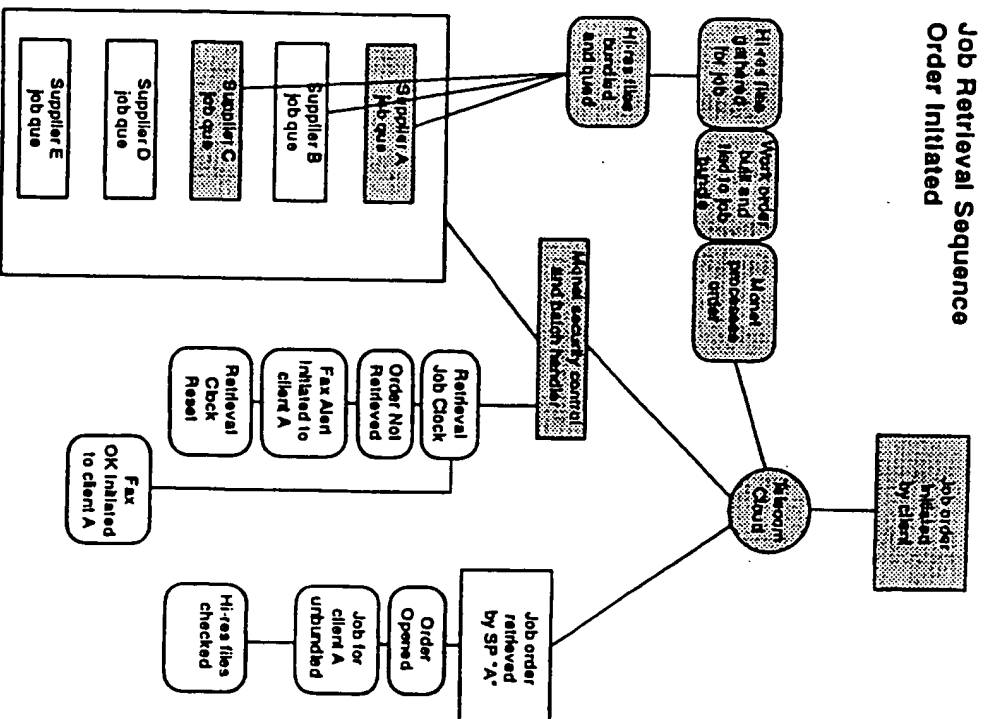
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F & G Workflow with Monet



Job Control Flow for Service Providers

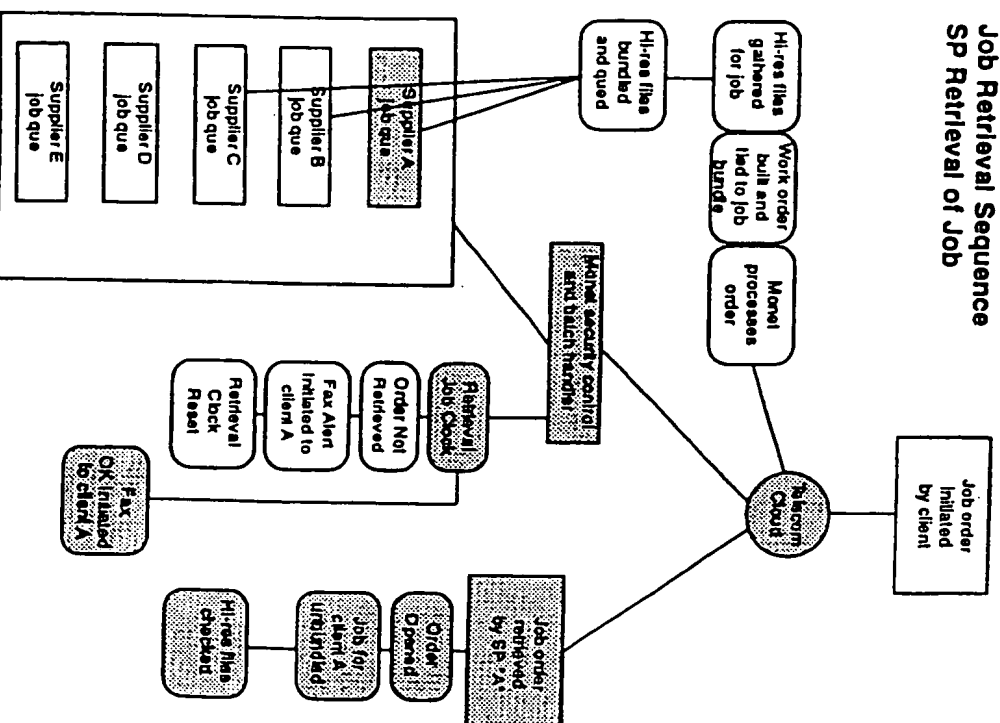
Order & Pickup



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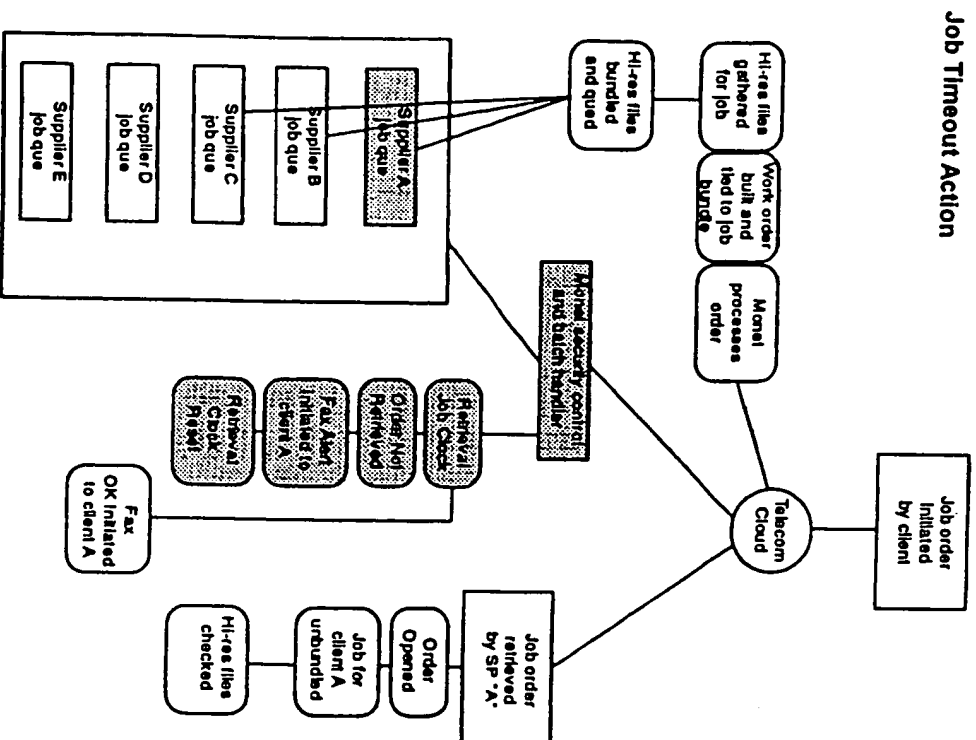
Job Control Flow for Service Providers Order & Pickup

Job Retrieval Sequence SP Retrieval of Job



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Job Control Flow for Service Providers Order & Pickup



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Monet Status Update

<u>Action</u>	<u>Status</u>
• Primary Server	Completed
• File Load Server	Completed
• Communication Server	Target REDACTED
• Optical System	Target REDACTED
• Monet Browser	Completed
• Monet File Loader	Target REDACTED
• Monet Communication Software	Target REDACTED
• Monet Client Order System	Target REDACTED
• Monet SP Retrieval System	Target REDACTED
• Monet Accounting Module	Target REDACTED
• Build Client System	Target REDACTED
• Build SP Systems	Target REDACTED



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Monet Planning Schedule

ID	Task Name	Reflected			
1	F&G and Monet Agreement Comp.	◆ 1/1			
2	Project Startup Meeting at F&G				
3	Interview Format Preparation				
4	F&G Network Analysis				
5	F&G Communications Analysis				
6	Order ISDN Lines				
7	Build and Format Database				
8	Verify Image Sources				◆ 2/23
9	F&G Data from Service Provider				
10	Configure Client Access System				
11	Install Client Access System				
12	Configure SP Access System				
13	Install SP System				
14	On-line Startup				◆ 2/2



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Annual Cost of *Monet* Services Based on F & G ^{Redacted} Catalogs

Monet Costing Structure

- 1,617 Images 5.486 MB/file
- 8,790 Uncompressed 1.359 MB/file
- 2,198 Compressed

Monet Storage

$$\begin{aligned}(1,617)(.25)(12) &= \$4,851.00 \\ (2,198)(.10)(12) &= \$2,638.00 \\ &\$7,489.00\end{aligned}$$

*Additional images stored - not used

$$\begin{aligned}(16,000 - 1,617)(.25)(12) &= \$43,149.00 \\ (21,760 - 2,198)(.10)(12) &= \$23,474.00 \\ &\$66,623.00\end{aligned}$$

$$\begin{array}{r} \text{Total Storage Cost} \\ \text{Redacted} \quad + \$7,489.00 \\ \hline \$74,112.00 \\ \hline \quad \quad \quad 16,000 \end{array}$$

Average Cost \$4.632 per Image

Monet Pickup Images

$$(80\% \text{ of Images P/U})(1,617) = 1,294 \text{ P/U Images}$$

$$\begin{aligned}(1,294)(\$2.00/\text{Image}) &= \$2,588.00 \\ (1,294)(1.36 \text{ mb/image})(\$1.00/\text{mb}) &= \$1,760.00 \\ \text{Total P/U Charges} &\$4,348.00\end{aligned}$$

$$\begin{array}{r} \text{Total P.U. Charges} \\ \text{Total Storage Charges} \\ \text{Redacted} \quad \text{Total Cost} \\ \hline = \$4,348.00 \\ = \$74,112.00 \\ \hline \$78,460.00 \end{array}$$

Average of \$6,538.30 per Month



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Browsing Transmission Rates

- F & G 1,617 Images x 3 x 2.00 per Image = \$ 970
- Creative 1,617 Images x 1 x 2.00 per Image = \$ 3,200
\$ 4,190



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Monet Initial System Hardware Costs

F & G Equipment

Computer System Planning Budget-

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CL1	F&G Browser	MAC	Browse	Modem				
						6000.00		
	Gen Purpose Laser	8 1/2X11 Laser	optional				6000.00	
SP1	Service Provider	MonetServer	Download	ISDN		15000.00		
SP2	Service Provider	MonetServer	Download	ISDN		15000.00		
SP3	Service Provider	MonetServer	Download	ISDN		15000.00		
	Gen Purpose Laser	8 1/2X11 Laser	optional				45000.00	51000.00

*Cost could be shared 50% with Service Provider for a total cost to F&G of \$6,000+22,500 = \$28,500



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Payback Analysis

• Annual Monet Operating Cost		
Annual Cost of Monet Service	78,460	
Browsing Transmission Costs	4,190	
Total Annual Operating Cost	<u>82,650</u>	
• Annual Monet Operating Savings		
F&G Internal	98,321	
Net Annual Internal Savings		15,671
F&G External Service Provider	133,500	
		149,171
• Initial System Hardware Cost \$6,000x50%		
of net annual savings of \$45,000 =	28,500	
• Payback period using internal savings only		1.82 Year Payback
\$28,500 / \$15,671 =		
• Payback period using total savings		0.19 Year Payback
\$28,500 / \$149,171 =		



Beta Site Agreement Terms

- 5 Year Commitment
- 6 Month Trial Period
- Monet to Bear Cost of Entering Startup Database Images
- Monet System Designed & Customized to F&G Needs
- Target Date for Finalizing Agreement
- Start Date to Load First Images
- Terms - Hardware:
- Image Storage:

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30% down upon agreement

70% net 30

3 months estimated upon agreement

Additional 3 month charge due after 6 month trial period
provided system is satisfactory

Actual charges as incurred monthly thereafter



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